

ATTACHMENT A

January 8, 2001

VIA U.S. MAIL

Ms. Donna Caton
Chief Clerk
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, Illinois 62794-9280

Re: Ameritech Illinois Advice Nos. 7292 and 7296

Dear Ms. Caton:

Pursuant to Sections 9-250 and 9-252 of the Illinois Public Utilities Act, AT&T Communications of Illinois, Inc. ("AT&T") hereby objects to Ameritech Illinois' proposed local switching ("LS") rates that were filed with the Illinois Commerce Commission ("Commission") under Ameritech Illinois Advice No. 7292 on May 26, 2000, and as modified by Ameritech Illinois Advice No. 7296 on June 9, 2000. AT&T requests that the Commission initiate an investigation to determine whether Ameritech Illinois' proposed LS rates are just and reasonable and in compliance with the Commission's Phase II Order issued March 29, 2000 in Docket Nos. 97-0601/97-0602 ("Phase II Order"). AT&T recognizes that Ameritech's tariff rates have been implemented by Ameritech Illinois, and that the tariff filing may become effective during a Commission investigation, notwithstanding AT&T's objections. Hence, at the conclusion of the investigation, AT&T requests that the Commission affirmatively establish local switching rates for Ameritech Illinois that are just and reasonable, and that comply with the Commission's Phase II Order, and order refunds to the extent applicable. AT&T stands ready to pass its access expense savings through to its customers as directed in the Commission's Phase II Order.

Ameritech Illinois' proposed LS rates are unjust and unreasonable and fail to comply with the Commission's Phase II Order. In that Order, the Commission found that "Ameritech and GTE should reduce their remaining switched access rate elements to LRSIC-based levels, including the 28.86% contribution toward shared and common

costs as reflected in AT&T Gebhardt Cross Ex. 1A, for the reasons discussed herein.” (Phase II Order, Finding Paragraph (9)).

In filing access rates in alleged compliance with the Phase II Order under Advice Nos. 7292 and 7296, Ameritech Illinois based its access rates upon the LRSICs used in its annual alternative regulation filings, including the LRSICs for LS. However, these LRSICs are based upon the pre-restructured LS rate element. As background, the LRSICs for LS were originally calculated for the pre-access reform LS rate element. In 1997, Ameritech segregated the trunk port function from its LS function and rate elements, and established separate rate elements for both dedicated trunk ports and shared trunk ports pursuant to the FCC’s May 16, 1997 Access Charge Reform Order. (See CC Docket No. 96-262, First Report and Order, rel. May 16, 1997, ¶ 127). Consistent with this FCC-ordered restructuring, Ameritech Illinois’ Advice No. 7292 includes dedicated trunk port rate elements and shared trunk port rate elements.¹ These rates are presumably based upon the LRSICs associated with trunk ports. However, Ameritech Illinois has not removed these same trunk port costs from its LS LRSICs that were used as the basis for the LS rates contained in Advice Nos. 7292 and 7296. Thus, by basing its LS access rate on the unsegregated (and pre-restructured) LRSICs, Ameritech Illinois is double-recovering its costs associated with its trunk ports. This is the uncontested double recovery of port costs testified to by AT&T during ICC Docket Nos. 97-0601/0602. (AT&T Ex. 2.0P, p. 15 and Attachment JDW-1 (Proprietary)).

Rates based upon segregated LRSICs should be approximately \$0.001982 per minute of use. Ameritech Illinois, however, has filed per minute rates that are approximately double the appropriate rate levels, namely, LS per minute rates of \$0.003987.

As expressed by Chairman Mathias, the Commission issued a landmark decision “in access charge reform that results in tens of millions of dollars in savings to customers.” (Commission Press Release, attached). Unfortunately, as a result of Ameritech Illinois’ non-compliant tariff rates, Ameritech Illinois has caused its intrastate switched access rates to be higher than Illinois-mirrored CALLS rates would have been.² Indeed, Ameritech Illinois continues to collect these LS revenues, thereby precluding in excess of approximately \$20 million of additional benefits that should have resulted from the Commission’s Phase II Order from being delivered to Illinois consumers.

¹ Under Advice No. 7292, Ameritech Illinois filed Common Trunk Port rates of \$0.000235 per minute, and Dedicated Trunk Port rates of \$51.96 per month. Illinois Bell Telephone Company ILL C.C. No. 21, 5th Revised Page 215, Section 6.9.2(C)

² Under Transmittal No. 1242, Ameritech filed an LS rate of \$0.003569. Ameritech Operating Companies Tariff F.C.C. No. 2, 57th Revised Page 214, Section 6.9.2(A&B)

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Ameritech Illinois' LS rates are unjust and unreasonable. Moreover, they violate the Commission's Phase II Order and are, therefore, unlawful. The Commission should immediately investigate the extent to which Ameritech Illinois' LS rates are unjust and unreasonable, and order refunds to the extent necessary.

Very truly yours,

Cheryl Urbanski Hamill
One of the Attorneys for
AT&T Communications of Illinois, Inc.

CUH/mp

Attachment

cc: Chairman Richard L. Mathias
Commissioner Ruth Kretschmer
Commissioner Terry S. Harvill
Commissioner Edward C. Hurley
Commissioner Mary Frances Squires
Mr. Charles Fisher
Mr. Jeff Hoagg
Mr. Doug Price
Mr. Sherman Elliott
Mr. Robert Garcia
Mr. John Hester
Ms. Michelle Mishoe
Ms. Jennifer Moore
Ms. Katie Papadimitriou
Mr. Patrick Phipps
Ms. Kathleen Rodriguez
Ms. Kate Siddon
Mr. Timothy Sznewajcs
Ms. Julie VanderLaan
Ms. Louise Sunderland

Service List in Docket Nos. 97-0601/0602